

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**1st Financial Lending Corporation
1475 West Big Beaver Road
Troy, MI 48084**

Enforcement Case No. 08-6974

Respondent

_____ /

Issued and entered
on October 17, 2008
by Ken Ross,
Commissioner

CONSENT ORDER

**I.
BACKGROUND**

1st Financial Lending Corporation (Respondent) is a Michigan domiciled corporation, organized under the laws of the state of Michigan, that has made applications for licensure as a mortgage broker and lender under the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.*, and registration under the Secondary Mortgage Loan Act, Act No. 125 of 1981, as amended, MCL 493.51 *et seq.* Respondent is not presently licensed or registered by the Office of Financial and Insurance Regulation ("OFIR") pursuant to the MBLSLA or any other consumer finance statute regulated by OFIR. A review of the applications revealed that contrary to the MBLSLA and SMLA, Respondent was conducting unlicensed mortgage activity. Subsequently, OFIR staff conducted

an investigation of Respondent and determined that Respondent conducted mortgage-related activities, which require licensure and registration as a mortgage broker and lender under the MBLSLA and SMLA. Respondent and OFIR staff have conferred and have agreed to resolve this matter according to the terms set forth below.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. On August 22, 2008, OFIR received applications from Respondent for a first mortgage broker and lender license and a secondary mortgage broker and lender registration.

2. During OFIR staff's review of the application OFIR staff requested information from Respondent, which indicated that Respondent was conducting unlicensed activity.

3. 1st National Financial Corporation was a licensed first mortgage broker and lender and a registered secondary mortgage broker and lender in the State of Michigan.

4. 1st National Financial Corporation was granted a first mortgage broker and lender license by the Office of Financial and Insurance Services (OFIS), a prior name of OFIR, on November 12, 1990. 1st National Financial Corporation's mortgage broker and lender license was terminated on July 1, 2008, because the company failed to renew its mortgage broker and lender license.

5. 1st National Financial Corporation was granted a secondary mortgage broker and lender registration by the OFIS, a prior name of OFIR, on May 20, 1999. 1st National Financial Corporation's secondary mortgage broker and lender registration was terminated on January 1, 2008, because it failed to renew its secondary mortgage broker and lender registration.

6. On October 31, 2006, a certificate of amendment to the articles of incorporation of 1st National Financial Corporation was filed with the Bureau of Commercial Services (BCS) to change its name to 1st Financial Lending Corporation. On November 1, 2006, a certificate of

assumed name was filed with BCS indicating 1st Financial Lending Corporation dba 1st National Financial Corporation. However, 1st National Financial Corporation failed to amend its license and registration with OFIS on October 31, 2006.

7. Respondent, conducting business as 1st National Financial Corporation, originated 27 first mortgage loans and one secondary mortgage loan from January 1, 2008, through September 25, 2008, without a license and registration as required by the MBLSLA and SMLA.

8. Section 2(1) of the MBLSLA, MCL 445.1652(1), prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

9. Section 2(1) of the SMLA, MCL 493.52(1), prohibits a person from acting as a secondary mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

10. Based on the forgoing, Respondent has violated Section 2(1) of the MBLSLA, MCL 445.1652(1), and Section 2(1) of the SMLA, MCL 493.52(1), by acting as a mortgage broker and lender without first obtaining the requisite license and registration as required by the MBLSLA and SMLA.

III. ORDER

It is ORDERED that:

1. Respondent shall cease and desist violating Sections 2 of the MBLSLA and SMLA.

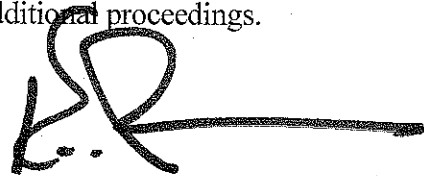
2. Respondent shall pay to OFIR an applicable civil penalty of \$5,000. The fine shall be paid in the form of cashier's check within 30 days of the date of entry of this Order.

3. Respondent shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all mortgage activity conducted by Respondent.

4. Respondent shall educate its employees with respect to all state and federal consumer laws and regulations, including the Mortgage Brokers, Lenders, and Servicers Licensing Act and Secondary Mortgage Loan Act.

5. Respondent shall immediately designate a compliance officer whose responsibility is to ensure that it is in compliance with all applicable state and federal laws, and provide written notification to OFIR of the compliance officer's name and business address. Respondent's written notice designating a compliance officer shall accompany its payment of a civil fine as provided for in Paragraph 2 of this Order. Respondent shall notify the Office of Financial and Insurance Regulation of any change in designation of the compliance officer within 30 days of such re-designation.

The Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary, and appropriate in accordance with the provisions of the MBLSLA and the SMLA. Failure by Respondent to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.

A handwritten signature in black ink, appearing to be 'K. Ross', written over a horizontal line.

Ken Ross
Commissioner

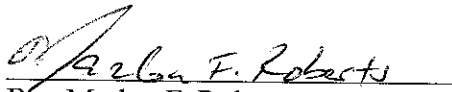
IV. STIPULATION

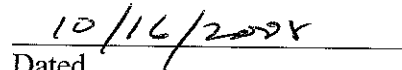
Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives its right to a hearing in this matter and consent to the entry of the Consent Order. Further, in consideration of the terms and conditions set forth herein, Respondent voluntarily waives and gives up any and all rights that it may now or hereafter have to administrative or judicial review concerning entry of the Chief Deputy Commissioner's Order in this matter. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing. The Chief Deputy Commissioner has jurisdiction and authority under the provisions of the MAPA and the MBLSLA to accept this Stipulation and to issue a Consent Order resolving these proceedings. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and have it reviewed by legal counsel. Respondent admits to the Commissioner's findings of fact and conclusions of law set forth in the above Consent Order.

1st Financial Lending Corporation

OFIR staff approves this Stipulation and recommends that the Chief Deputy Commissioner issue the Consent Order above.

Office of Financial and Insurance Regulation


By: Marlon F. Roberts
Staff Attorney


Dated